FISCAL NOTE

HB 1035 - SB 1062

January 22, 2004

SUMMARY OF BILL: Reduces for two years and then eliminates the special allocation of the sate shared sales tax afforded to premier type tourist resorts. In FY 03-04, municipalities that qualify would receive 60% of the amount paid for FY 99-00. In FY 04-05, municipalities would receive 25% of the amount paid for FY 99-00. In FY 05-06, the special allocation would be eliminated entirely.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $30,250 One Time
Increase State Revenues - FY 04 $1,685,000
FY 05 $3,606,000
FY 06 $4,971,000

Decrease Local Govt. Revenues - FY 04 $1,685,000
FY 05 $3,606,000
FY 06 $4,971,000

Estimate assumes:

- There would be a cost of $30,250 associated with systems changes necessary for implementation of the bill.
- Currently, there are only two cities, Gatlinburg and Pigeon Forge which qualify for the special allocation.
- In FY 05-06, when the special allocation is phased out entirely, the cities would begin receiving their normal distribution of state shared taxes.

For informational purposes, this fiscal note was prepared after the effective date of the first proposed decrease in the special allocation of state shared sales tax afforded to premier type tourist resorts. In accordance with the practice of attaching a note that conforms directly to the language of the bill, revenue data from prior to the effective date was used to calculate the fiscal effect of the bill. No changes have been made to account for actual allocations to these entities in FY 04. Changes would be noted on the fiscal memo attached to any amendment that is presented.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director